

FISCAL NOTE

Bill #: SB0208

Title: Require tax proceeds transfer to county on daily basis

Primary

Sponsor: Glenn Roush

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

**FY2000
Difference**

**FY2001
Difference**

Net Impact on General Fund Balance: Not Measurable at this time

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. This bill affects taxes where the tax collection responsibility shifts from the County Treasurer to the state.
2. In order to calculate the fiscal impact of this legislation, we would need to determine the following:
 - a) the Department of Revenue's system costs associated with the identification of taxpayers and their locations and allocation of revenues collected;
 - b) the potential costs associated with the integration of our system data and the state's warrant writing system and/or MTPRRIME;
 - c) the increase in the volume of transactions and system CPU utilization associated with data entry, tracking and the distribution associated with these transfers, and
 - d) the timeframe for implementing technological changes.

None of these factors are determinable at this time because the number of transactions involved in transferring revenues "on a same-day basis" is dependent upon the type of tax collected, the number of taxpayers involved, the time frame involved in the collection of the tax, the basis for calculating the tax distribution, etc. Not knowing the specifics of this data makes it extremely difficult to project the fiscal impacts with any degree of accuracy.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

If there were a refund to be given a taxpayer, the counties would need to be capable of transferring funds to the state on a “same day basis” to cover the possibility of more outgoing than incoming tax payments.

LONG-RANGE IMPACTS:

This legislation has the potential to significantly impact the Department of Revenue and the State of Montana administrative costs. There are numerous checks and balances performed on tax payments received. For those payments which have insufficient funds or need other audit checks, it is not feasible nor desirable to disburse funds until all concerns are resolved.

The rate of interest is 12% for revenues which are not transmitted on a same day basis which is substantially higher than the state average rate of return on investments.

TECHNICAL NOTES:

1. This bill has no effective date adding confusion to the applicability requirements associated with its implementation.
2. This bill states that “if a state agency **assumes** the tax collection responsibility of a county treasurer”. What does “assume” mean? Does it refer to assuming responsibility through legislative enactment or through the entering of a contract with a specific local government (county).
3. Existing laws governing the collection and transfer of revenues collected by county treasurers which are remitted to the state do not have the stringent requirements proposed in this legislation.